

**Taiwan Navigation Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIWAN NAVIGATION CO., LTD.

By:

LIU, WEN-QING
Chairman

March 7, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Navigation Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Navigation Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the consolidated financial statements of the Group for the year ended December 31, 2024 is stated as follows:

The Recognition of Subsidiaries' Floating Revenue of Bulk Carriers

The Group's subsidiaries Tai Shing Maritime Co., S.A. and Shin Wang Maritime Inc., primarily engage in bulk carrier transportation services and their floating bulk carriers revenue fluctuates with the shipping index based on agreements. Since the rental agreements of each ship are different and calculated manually, the risk of the accuracy of the recognition floating revenue of bulk carriers increases. Therefore, we considered the accuracy of the recognition of floating revenue of bulk carriers as a key audit matter.

Our main audit procedures performed were as follows:

1. We obtained an understanding of the design and implementation of internal controls relevant to the recognition of floating revenue of bulk carriers.
2. We selected samples from the floating bulk carriers revenue ledger and reviewed relevant documents such as bulk carrier contracts, current account statements, bank statements, the record of remittances, etc.
3. We recalculated the floating revenue of bulk carriers and verified the accuracy of the recognized amount.

Other Matter

We have also audited the parent company only financial statements of Taiwan Navigation Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are You-Cheng Hsin and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 24)	\$ 772,044	3	\$ 523,835	2
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 24)	2,817,619	10	1,913,021	8
Accounts receivable, net (Notes 4, 8 and 17)	19,709	-	28,494	-
Trade receivables from related parties (Notes 4, 8, 17 and 24)	73,169	-	106,231	-
Net finance lease receivables from related parties (Notes 4, 9 and 17)	56,432	-	56,951	-
Prepayments	162,238	1	143,338	1
Other financial assets (Notes 4, 10 and 24)	354,676	1	467,215	2
Other current assets (Note 4)	<u>5,472</u>	<u>-</u>	<u>115,702</u>	<u>1</u>
Total current assets	<u>4,261,359</u>	<u>15</u>	<u>3,354,787</u>	<u>14</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 7)	118,643	-	82,440	-
Investments accounted for using the equity method (Notes 4 and 11)	202,212	1	218,400	1
Property, plant and equipment (Notes 4, 12 and 25)	20,713,649	74	17,223,874	70
Investment properties (Notes 4 and 13)	1,145,869	4	1,140,080	5
Deferred tax assets (Notes 4 and 19)	289	-	1,939	-
Prepayments for equipment (Notes 12 and 26)	223,539	1	1,182,486	5
Net finance lease receivables from related parties (Notes 4, 9 and 17)	1,280,380	5	1,324,676	5
Other non-current assets (Notes 4, 24 and 25)	<u>24,130</u>	<u>-</u>	<u>26,442</u>	<u>-</u>
Total current assets	<u>23,708,711</u>	<u>85</u>	<u>21,200,337</u>	<u>86</u>
TOTAL	<u>\$ 27,970,070</u>	<u>100</u>	<u>\$ 24,555,124</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 14, 21 and 24)	\$ 1,213,982	4	\$ 628,300	2
Notes and accounts payable	255,189	1	162,787	1
Other payables	207,014	1	215,689	1
Current tax liabilities (Notes 4 and 19)	154,035	1	401,971	2
Current portion of long-term borrowings (Notes 14, 21, 24 and 25)	121,020	-	-	-
Other current liabilities (Notes 4, 13 and 24)	<u>100,647</u>	<u>-</u>	<u>112,449</u>	<u>-</u>
Total current liabilities	<u>2,051,887</u>	<u>7</u>	<u>1,521,196</u>	<u>6</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14, 21, 24 and 25)	6,581,123	24	5,925,519	24
Deferred tax liabilities (Notes 4 and 19)	263,777	1	263,777	1
Net defined benefit liabilities (Notes 4 and 15)	23,270	-	30,246	-
Other non-current liabilities (Notes 13 and 24)	<u>798,150</u>	<u>3</u>	<u>844,966</u>	<u>4</u>
Total non-current liabilities	<u>7,666,320</u>	<u>28</u>	<u>7,064,508</u>	<u>29</u>
Total liabilities	<u>9,718,207</u>	<u>35</u>	<u>8,585,704</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 16 and 24)				
Ordinary shares	<u>4,172,945</u>	<u>15</u>	<u>4,172,945</u>	<u>17</u>
Capital surplus	<u>334,382</u>	<u>1</u>	<u>334,382</u>	<u>1</u>
Retained earnings				
Legal reserve	2,439,374	9	2,272,533	9
Unappropriated earnings	<u>7,920,642</u>	<u>28</u>	<u>7,460,584</u>	<u>31</u>
Total retained earnings	<u>10,360,016</u>	<u>37</u>	<u>9,733,117</u>	<u>40</u>
Other equity	<u>3,384,520</u>	<u>12</u>	<u>1,728,976</u>	<u>7</u>
Total equity attributable to owners of the Corporation	<u>18,251,863</u>	<u>65</u>	<u>15,969,420</u>	<u>65</u>
Total equity	<u>18,251,863</u>	<u>65</u>	<u>15,969,420</u>	<u>65</u>
TOTAL	<u>\$ 27,970,070</u>	<u>100</u>	<u>\$ 24,555,124</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 17 and 24)	\$ 4,400,046	100	\$ 3,990,109	100
OPERATING COSTS (Notes 4, 18 and 24)	<u>2,556,870</u>	<u>58</u>	<u>2,549,642</u>	<u>64</u>
GROSS PROFIT	1,843,176	42	1,440,467	36
ADMINISTRATIVE EXPENSES (Note 18)	<u>184,044</u>	<u>4</u>	<u>204,913</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>1,659,132</u>	<u>38</u>	<u>1,235,554</u>	<u>31</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4)	37,365	1	49,717	1
Dividend income (Notes 4, 7 and 24)	75,313	2	752,701	19
Other income (Notes 18 and 24)	45,591	1	29,286	1
Gain on disposal of property, plant and equipment (Notes 4 and 12)	20,383	-	265,446	7
Share of profit of associates accounted for using the equity method (Notes 4 and 10)	5,137	-	12,165	-
Interest expense (Notes 4, 18 and 24)	(378,959)	(9)	(360,851)	(9)
Other expenses	(4,831)	-	(3,656)	-
Net gain on foreign currency exchange (Notes 4, 18 and 27)	<u>2,203</u>	<u>-</u>	<u>20,128</u>	<u>-</u>
Total non-operating income and expenses	<u>(197,798)</u>	<u>(5)</u>	<u>764,936</u>	<u>19</u>
INCOME BEFORE INCOME TAX	1,461,334	33	2,000,490	50
INCOME TAX EXPENSE (Notes 4 and 19)	<u>178,100</u>	<u>4</u>	<u>337,600</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>1,283,234</u>	<u>29</u>	<u>1,662,890</u>	<u>41</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	2,054	-	1,652	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	946,409	21	(518,689)	(13)
Share of other comprehensive (loss) income of associates accounted for using the equity method (Note 11)	<u>(13,508)</u>	<u>-</u>	<u>38,210</u>	<u>1</u>
	<u>934,955</u>	<u>21</u>	<u>(478,827)</u>	<u>(12)</u>

(Continued)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 731,925	17	\$ (8,016)	-
Other comprehensive income (loss) for the year, net of income tax	<u>1,666,880</u>	<u>38</u>	<u>(486,843)</u>	<u>(12)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,950,114</u>	<u>67</u>	<u>\$ 1,176,047</u>	<u>29</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,283,234	29	\$ 1,662,890	42
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,283,234</u>	<u>29</u>	<u>\$ 1,662,890</u>	<u>42</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,950,114	67	\$ 1,176,047	29
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,950,114</u>	<u>67</u>	<u>\$ 1,176,047</u>	<u>29</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 3.08</u>		<u>\$ 3.98</u>	
Diluted	<u>\$ 3.07</u>		<u>\$ 3.98</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Ordinary Shares			Retained Earnings		Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Income (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2023	417,294	\$ 4,172,945	\$ 334,382	\$ 2,054,827	\$ 6,927,929	\$ 188,038	\$ 2,033,300	\$ 15,711,421
Appropriation of 2022 earnings								
Legal reserve	-	-	-	217,706	(217,706)	-	-	-
Cash dividends	-	-	-	-	(918,048)	-	-	(918,048)
Net profit for the year ended December 31, 2023	-	-	-	-	1,662,890	-	-	1,662,890
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,652	(8,016)	(480,479)	(486,843)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,664,542	(8,016)	(480,479)	1,176,047
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	3,867	-	(3,867)	-
BALANCE AT DECEMBER 31, 2023	417,294	4,172,945	334,382	2,272,533	7,460,584	180,022	1,548,954	15,969,420
Appropriation of 2023 earnings								
Legal reserve	-	-	-	166,841	(166,841)	-	-	-
Cash dividends	-	-	-	-	(667,671)	-	-	(667,671)
Net profit for the year ended December 31, 2024	-	-	-	-	1,283,234	-	-	1,283,234
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	2,054	731,925	932,901	1,666,880
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,285,288	731,925	932,901	2,950,114
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	4,911	-	(4,911)	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	4,371	-	(4,371)	-
BALANCE AT DECEMBER 31, 2024	417,294	\$ 4,172,945	\$ 334,382	\$ 2,439,374	\$ 7,920,642	\$ 911,947	\$ 2,472,573	\$ 18,251,863

The accompanying notes are an integral part of the consolidated financial statements.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,461,334	\$ 2,000,490
Adjustments for:		
Depreciation and amortization	942,157	867,413
Expected credit loss recognized (reversed) on trade receivables	(4,854)	6,611
Interest expense	378,959	360,851
Interest income	(37,365)	(49,717)
Dividend income	(75,313)	(752,701)
Share of profit of associates accounted for using the equity method	(5,137)	(12,165)
Gain on disposal of property, plant and equipment	(20,383)	(265,446)
Unrealized loss on foreign currency exchange, net	361	40
Changes in operating assets and liabilities		
Accounts receivable	9,720	3,484
Trade receivables from related parties	82,731	(65,098)
Prepayments	(10,898)	1,965
Other current assets	110,813	(110,345)
Other financial assets	616	(7,515)
Notes and accounts payable	82,362	(59,290)
Other payables	(12,424)	(30,159)
Other current liabilities	(15,501)	(9,740)
Net defined benefit liabilities	(4,922)	(19,635)
Other non-current liabilities	(46,937)	334,620
Cash generated from operations	2,835,319	2,193,663
Income tax paid	(424,386)	(129,652)
Net cash generated from operating activities	<u>2,410,933</u>	<u>2,064,011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,608	-
Payments for property, plant and equipment	(3,482,165)	(2,137,780)
Proceeds from disposal of property, plant and equipment	1,165,515	419,968
Payments for investment properties	(12,534)	-
Decrease in other financial assets	139,523	616,107
Increase in other non-current assets	(296)	(9,600)
Interest received	37,037	52,878
Dividends received	83,130	764,166
Net cash used in investing activities	<u>(2,064,182)</u>	<u>(294,261)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	544,120	416,504
Proceeds from long-term borrowings	3,240,867	868,635
Repayments of long-term borrowings	(2,873,104)	(2,047,311)
Increase in other non-current liabilities	121	354

(Continued)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Cash dividends paid	\$ (667,671)	\$ (918,048)
Interest paid	<u>(380,566)</u>	<u>(358,050)</u>
Net cash used in financing activities	<u>(136,233)</u>	<u>(2,037,916)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>37,691</u>	<u>881</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	248,209	(267,285)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>523,835</u>	<u>791,120</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 772,044</u>	<u>\$ 523,835</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Navigation Co., Ltd. (the “Corporation”), whose shares are listed on the Taiwan Stock Exchange, was originally majority-owned by the Taiwan Provincial Government but was privatized on June 20, 1998. The Corporation mainly engages in passenger and freight transport via water, port warehousing, aquatic sand mining, and navigation channel dredging and also acts as a shipping agency, provides tugboats, and acts as a landowner in agreements with construction companies for the use of its land for the construction of residential and commercial buildings for sale and rental.

Tai Shing Maritime Co., S.A. (Tai Shing) was established in the Republic of Panama, and Shin Wang Maritime Inc. (Shin Wang) was established in Liberia. The Corporation holds 100% interest in Tai Shing and Shin Wang. Tai Shing and Shin Wang mainly engage in the general management, purchasing, sale, charter, and operation of sea navigation routes and in other maritime operations of ships.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the “Group”, are presented in New Taiwan Dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 7, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have a material impact on the Group’s accounting policies
- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the amendments of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

- 1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

- 2) Subsidiaries included in the consolidated financial statements

The Group holds 100% of the interest of the subsidiaries which are included in the consolidated financial statements. The subsidiaries are Tai Shing and Shin Wang, which are mainly engaged in marine freight transportation services.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purpose of presenting consolidated financial statements, the financial statements of Group's foreign operations that are prepared using functional currencies which are different from the currency of the Group are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period, and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of the control over a subsidiary that includes a foreign operation, or a partial disposal of a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate are not related to the Group.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Impairment of property, plant and equipment and investment properties

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables (including related parties) at amortized cost, other receivables (presented in other current assets), other financial assets and net finance lease receivables from related parties are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization.

Cash equivalents include time deposits and repurchase agreements collateralized by notes with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable (including related parties) and net finance lease receivables from related parties. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- Internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised service to a customer and the date on which the customer pays for that service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

As the Group provides services for ship chartering, passenger and freight transport and ship management, customers simultaneously obtain and consume the benefit provided by the Group's performance, and the relevant revenue is recognized when the services are provided. The revenue from ship chartering and ship management services are recognized with reference to the number of days incurred and the revenue from passenger and freight transport services is recognized with reference to the stage of completion of the services provided.

l. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of transportation equipment in which the Group is a lessee and transportation service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases is added to the carrying amounts of the underlying assets and recognized as costs on a straight-line basis over the lease term. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee.

2) The Group as lessee

The Group applies a recognition exemption where lease payments are recognized as costs and expenses on a straight-line basis over the lease terms for short-term leases and low-value asset leases.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 258	\$ 258
Checking accounts and demand deposits	125,233	155,762
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>646,553</u>	<u>367,815</u>
	<u>\$ 772,044</u>	<u>\$ 523,835</u>

The market rate intervals of cash in banks and cash equivalents at the end of the year are as follows:

	December 31	
	2024	2023
Bank balance and cash equivalents	0.01%-4.85%	0.01%-5.20%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Listed shares		
Yang Ming Marine Transport Corporation (Note 24)	<u>\$ 2,817,619</u>	<u>\$ 1,913,021</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Chunghwa Investment Co., Ltd.	\$ 79,377	\$ 52,675
Foreign investments		
Unlisted shared		
Taiwan Foundation International Pte. Ltd.	<u>39,266</u>	<u>29,765</u>
	<u>\$ 118,643</u>	<u>\$ 82,440</u>

The Group's investments in the ordinary shares mentioned above are expected to earn profit through dividend income. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss will not be consistent with the Group's strategy of holding these investments for long-term purposes.

Dividends of \$75,313 thousand and \$752,701 thousand were recognized for the years ended December 31, 2024 and 2023, respectively. Both were related to investments in equity instruments at FVTOCI held as of December 31, 2024 and 2023.

8. ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2024	2023
At amortized cost		
Accounts receivable	\$ 21,081	\$ 29,779
Less: Allowance for impairment loss	<u>1,372</u>	<u>1,285</u>
	<u>\$ 19,709</u>	<u>\$ 28,494</u>
Trade receivables from related parties	\$ 73,169	\$ 111,085
Less: Allowance for impairment loss	<u>-</u>	<u>4,854</u>
	<u>\$ 73,169</u>	<u>\$ 106,231</u>

The Group measures loss allowance of trade receivables (including related parties) at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables (including related parties) are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable (including related parties) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables (including related parties) is as follows:

	December 31	
	2024	2023
0-60 days	\$ 80,638	\$ 89,726
61-90 days	4,373	9,647
More than 90 days	<u>9,239</u>	<u>41,491</u>
Gross carrying amount	94,250	140,864
Loss allowance (Lifetime ECLs)	<u>(1,372)</u>	<u>(6,139)</u>
Amortized cost	<u>\$ 92,878</u>	<u>\$ 134,725</u>

The above aging schedule was based on the number of days past due days from the invoice date.

The movements of the loss allowance of accounts receivable (including related parties) were as follows:

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 6,139	\$ 1,231
Add: Net remeasurement of loss allowance	(4,854)	4,921
Foreign exchange gains and losses	<u>87</u>	<u>(13)</u>
Balance at December 31	<u>\$ 1,372</u>	<u>\$ 6,139</u>

9. FINANCE LEASE RECEIVABLES FROM RELATED PARTIES, NET

	December 31	
	2024	2023
<u>Undiscounted lease payments</u>		
Year 1	\$ 12,136	\$ 15,344
Year 2	74,041	74,041
Year 3	74,041	74,041
Year 4	74,041	74,041
Year 5	74,041	74,041
Year 5 onwards	<u>1,406,778</u>	<u>1,480,820</u>
	1,715,078	1,792,328
Less: Unearned finance lease income	(378,266)	(409,011)
Less: Lease modification	<u>-</u>	<u>(1,690)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 1,336,812</u>	<u>\$ 1,381,627</u>
Current	\$ 56,432	\$ 56,951
Non-current	<u>1,280,380</u>	<u>1,324,676</u>
	<u>\$ 1,336,812</u>	<u>\$ 1,381,627</u>

The Group entered into a contract with CPC Corporation for “Kuan-Tang Industrial Port’s Long-term harbor tug Service” to provide tugboat and port labor transportation and mooring boat for use, which is subject to IFRS 16 “Lease”. All these leases are denominated in New Taiwan dollars. The term of the finance leases is 25 years.

The implicit interest rates are fixed at the contract dates for the entire period of the lease. The implicit interest rate contracted was 1.79%-2.37%.

10. OTHER FINANCIAL ASSETS

	December 31	
	2024	2023
Time deposits with original maturities of more than 3 months	\$ 333,686	\$ 445,837
Others	<u>20,990</u>	<u>21,378</u>
	<u>\$ 354,676</u>	<u>\$ 467,215</u>

The market rate intervals of time deposits with original maturities of more than 3 months at the end of the year are as follows:

	December 31	
	2024	2023
Time deposits	4.28%-4.85%	5.30%-5.45%

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	December 31	
	2024	2023
Associates that are not individually material		
Yunn Wang Investment Co., Ltd.	\$ 202,212	\$ 218,400

At the end of the year, the Group holds 49.75% interest in Yunn Wang Investment Co., Ltd. (Yunn Wang).

Refer to Table 5 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of Yunn Wang.

The share of profit or loss and other comprehensive income or loss of the Group’s investments in Yunn Wang were calculated based on the financial statements which have been audited.

Aggregate information of associates:

	For the Year Ended December 31	
	2024	2023
The Group’s share of:		
Net profit for the year	\$ 5,137	\$ 12,165
Other comprehensive (loss) income	(13,508)	38,210
Total comprehensive (loss) income for the year	\$ (8,371)	\$ 50,375

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2024	2023
Assets used by the Group	\$ 2,090,749	\$ 2,178,930
Assets leased under operating leases	18,622,900	15,044,944
	\$ 20,713,649	\$ 17,223,874

a. Assets used by the Group

	Land	Buildings	Transportation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 191,103	\$ 89,223	\$ 2,469,776	\$ 4,908	\$ 2,755,010
Additions	-	15,668	15,687	-	31,355
Disposals	-	-	(1,977)	-	(1,977)
Balance at December 31, 2024	\$ 191,103	\$ 104,891	\$ 2,483,486	\$ 4,908	\$ 2,784,388
<u>Accumulated depreciation</u>					
Balance at January 1, 2024		\$ 45,895	\$ 526,333	\$ 3,852	\$ 576,080
Disposals		-	(1,977)	-	(1,977)
Depreciation expenses		3,100	116,104	332	119,536
Balance at December 31, 2024		\$ 48,995	\$ 640,460	\$ 4,184	\$ 693,639
Carrying amounts at December 31, 2024	\$ 191,103	\$ 55,896	\$ 1,843,026	\$ 724	\$ 2,090,749

(Continued)

	Land	Buildings	Transportation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 191,103	\$ 89,223	\$ 1,554,778	\$ 4,320	\$ 1,839,424
Additions	-	-	3,018,095	783	3,018,878
Disposals	-	-	(764,194)	(195)	(764,389)
Reclassification	-	-	(1,338,903)	-	(1,338,903)
Balance at December 31, 2023	<u>\$ 191,103</u>	<u>\$ 89,223</u>	<u>\$ 2,469,776</u>	<u>\$ 4,908</u>	<u>\$ 2,755,010</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023		\$ 43,905	\$ 1,227,910	\$ 3,487	\$ 1,275,302
Disposals		-	(763,089)	(195)	(763,284)
Depreciation expenses		1,990	61,512	560	64,062
Balance at December 31, 2023		<u>\$ 45,895</u>	<u>\$ 526,333</u>	<u>\$ 3,852</u>	<u>\$ 576,080</u>
Carrying amounts at December 31, 2023	<u>\$ 191,103</u>	<u>\$ 43,328</u>	<u>\$ 1,943,443</u>	<u>\$ 1,056</u>	<u>\$ 2,178,930</u>
					(Concluded)

In August 2023, the Group entered into a ferry sale contract, which amounted to \$57,745 thousand, with Ace Ship Recycling Pte. Ltd., and recognized gain on disposal of \$56,640 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	48-60 years
Renovation work	8 years
Transportation equipment	
Vessels	25 years
Dry dock	2 years
Vehicles and motorcycles	3-5 years
Other equipment	4-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 25.

b. Assets leased under operating leases

	Transportation Equipment	Other Equipment	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 19,322,394	\$ 26,061	\$ 19,348,455
Additions	4,468,610	-	4,468,610
Disposals	(2,535,888)	(20,685)	(2,556,573)
Effects of foreign currency exchange differences	<u>1,343,059</u>	<u>1,304</u>	<u>1,344,363</u>
Balance at December 31, 2024	<u>\$ 22,598,175</u>	<u>\$ 6,680</u>	<u>\$ 22,604,855</u>
			(Continued)

	Transportation Equipment	Other Equipment	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ 4,297,794	\$ 5,717	\$ 4,303,511
Disposals	(1,404,849)	(6,592)	(1,411,441)
Depreciation expense	811,685	1,573	813,258
Effects of foreign currency exchange differences	<u>276,355</u>	<u>272</u>	<u>276,627</u>
Balance at December 31, 2024	<u>\$ 3,980,985</u>	<u>\$ 970</u>	<u>\$ 3,981,955</u>
Carrying amounts at December 31, 2024	<u>\$ 18,617,190</u>	<u>\$ 5,710</u>	<u>\$ 18,622,900</u>

Cost

Balance at January 1, 2023	\$ 19,982,255	\$ 33,904	\$ 20,016,159
Additions	10,311	-	10,311
Disposals	(670,210)	(7,878)	(678,088)
Effects of foreign currency exchange differences	<u>38</u>	<u>35</u>	<u>73</u>
Balance at December 31, 2023	<u>\$ 19,322,394</u>	<u>\$ 26,061</u>	<u>\$ 19,348,455</u>

Accumulated depreciation

Balance at January 1, 2023	\$ 4,032,320	\$ 7,032	\$ 4,039,352
Disposals	(519,476)	(4,110)	(523,586)
Depreciation expense	791,074	2,804	793,878
Effects of foreign currency exchange differences	<u>(6,124)</u>	<u>(9)</u>	<u>(6,133)</u>
Balance at December 31, 2023	<u>\$ 4,297,794</u>	<u>\$ 5,717</u>	<u>\$ 4,303,511</u>
Carrying amounts at December 31, 2023	<u>\$ 15,024,600</u>	<u>\$ 20,344</u>	<u>\$ 15,044,944</u> (Concluded)

The Group entered into sale contracts of bulk carriers, the total amount of proceeds from disposal was \$1,165,515 thousand, with Amoyshipping Group Ltd. and Anatra Commodities Pte. Ltd. in July and August 2024, respectively. and recognized net gain disposal on of \$20,383 thousand.

The Group entered into sale contracts of bulk carriers, which amounted to \$363,308 thousand, with Nuts Shipping Limited. in July 2023. and recognized gain on disposal of \$208,806 thousand.

The Group leases bulk carriers on fixed lease payments or index-based variable payments, and the lease includes the option to extend the lease period. A portion of the operating lease contract contains market review clauses in the event that lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease period.

The maturity analysis of lease payments receivable under operating lease payments is as follows:

	December 31	
	2024	2023
Year 1	\$ 2,041,488	\$ 2,320,094
Year 2	474,713	954,748
Year 3	143,598	187,776
Year 4	143,598	-
Year 5	143,598	-
Year 5 onwards	<u>60,193</u>	<u>-</u>
	<u>\$ 3,007,188</u>	<u>\$ 3,462,618</u>

The above items of equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Transportation equipment	
Vessels	20-25 years
Dry dock	2.5 years
Other equipment	8-15.5 years

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 25.

The purchase price for acquisition of property, plant and equipment was including prepayments for equipment. The relevant adjustments are as follows:

	For the Year Ended December 31	
	2024	2023
Increase in property, plant and equipment	\$ 4,499,965	\$ 3,029,189
Decrease in prepayments for equipment	<u>(1,017,800)</u>	<u>(891,409)</u>
	<u>\$ 3,482,165</u>	<u>\$ 2,137,780</u>

13. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 995,053	\$ 248,429	\$ 1,243,482
Additions	<u>12,534</u>	<u>-</u>	<u>12,534</u>
Balance at December 31, 2024	<u>\$ 1,007,587</u>	<u>\$ 248,429</u>	<u>\$ 1,256,016</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2024		\$ 103,402	\$ 103,402
Depreciation expense		<u>6,745</u>	<u>6,745</u>
Balance at December 31, 2024		<u>\$ 110,147</u>	<u>\$ 110,147</u>
Carrying amounts at December 31, 2024	<u>\$ 1,007,587</u>	<u>\$ 138,282</u>	<u>\$ 1,145,869</u>

Cost

Balance at January 1, 2023 and December 31, 2023	<u>\$ 995,053</u>	<u>\$ 248,429</u>	<u>\$ 1,243,482</u>
--	-------------------	-------------------	---------------------

Accumulated depreciation

Balance at January 1, 2023		\$ 96,656	\$ 96,656
Depreciation expense		<u>6,746</u>	<u>6,746</u>
Balance at December 31, 2023		<u>\$ 103,402</u>	<u>\$ 103,402</u>
Carrying amounts at December 31, 2023	<u>\$ 995,053</u>	<u>\$ 145,027</u>	<u>\$ 1,140,080</u>

(Concluded)

In 2017, the Group entered into a land lease agreement with a lease term of 20 years and agreed that the lessee construct a building in the name of the Group, which is both an applicant of the construction and a proprietor of the building, on the land. In addition, the lessee afforded the cost of building to exchange the right-of-use building during the lease period. In 2019, the construction of building was completed and delivered to the Corporation. The cost of the construction was \$132,512 thousand, which was classified as prepaid rent. The Group recognized the rental income in installments during the lease period. As of December 31, 2024 and 2023, the balance of unamortized rent collected in advance was \$90,830 thousand and \$98,295 thousand were included in other current liabilities and other non-current liabilities, respectively.

The investment properties are leased out for 1 to 20 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2024 and 2023 is as follows:

	December 31	
	2024	2023
Year 1	\$ 44,538	\$ 59,005
Year 2	27,162	41,482
Year 3	11,357	18,746
Year 4	14,253	15,130
Year 5	13,053	13,953
Year 5 onwards	<u>100,774</u>	<u>110,563</u>
	<u>\$ 211,137</u>	<u>\$ 258,879</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25 to 60 years.

The fair value of investment properties was not appraised by independent valuers. The management of the Group used the valuation model that market participants use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31	
	2024	2023
Fair value	<u>\$ 3,992,553</u>	<u>\$ 3,880,162</u>

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
Credit borrowings	<u>\$ 1,213,982</u>	<u>\$ 628,300</u>
Interest rate range	1.775%-5.11%	1.65%-5.96%

b. Long-term borrowings

	December 31	
	2024	2023
Secured borrowings	\$ 6,702,143	\$ 5,925,519
Less: Current portions	<u>121,020</u>	<u>-</u>
	<u>\$ 6,581,123</u>	<u>\$ 5,925,519</u>
Interest rate range	4.97%-5.30%	6.03%-6.22%

Secured borrowings are project loans for the construction of ships of Tai Shing, whose freehold ships are provided as collateral (refer to Note 25), and the loans endorsed by the Corporation the principal and interest are amortized on a monthly, quarterly and semi-annual basis. Tai Shing is expected to settle the payment in full by September 2034. As of December 31, 2024, Tai Shing paid in advance a portion of the principal which will be due in May 2028.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 7% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation and Tai Shing in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 98,347	\$ 99,107
Fair value of plan assets	<u>(75,077)</u>	<u>(68,861)</u>
Net defined benefit liabilities	<u>\$ 23,270</u>	<u>\$ 30,246</u>

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	<u>\$ 99,107</u>	<u>\$ (68,861)</u>	<u>\$ 30,246</u>
Service cost			
Current service cost	1,983	-	1,983
Net interest expense (income)	<u>1,239</u>	<u>(863)</u>	<u>376</u>
Recognized in profit or loss	<u>3,222</u>	<u>(863)</u>	<u>2,359</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,659)	(5,659)
Actuarial (gain) loss			
Changes in financial assumptions	(2,126)	-	(2,126)
Experience adjustments	<u>5,731</u>	<u>-</u>	<u>5,731</u>
Recognized in other comprehensive income (loss)	<u>3,605</u>	<u>(5,659)</u>	<u>(2,054)</u>
Contributions from the employer	-	(7,281)	(7,281)
Benefits paid	<u>(7,587)</u>	<u>7,587</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 98,347</u>	<u>\$ (75,077)</u>	<u>\$ 23,270</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 96,915</u>	<u>\$ (45,382)</u>	<u>\$ 51,533</u>
Service cost			
Current service cost	1,935	-	1,935
Net interest expense (income)	<u>1,454</u>	<u>(684)</u>	<u>770</u>
Recognized in profit or loss	<u>3,389</u>	<u>(684)</u>	<u>2,705</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(455)	(455)
Actuarial (gain) loss			
Changes in financial assumptions	2,097	-	2,097
Experience adjustments	<u>(3,294)</u>	<u>-</u>	<u>(3,294)</u>
Recognized in other comprehensive loss	<u>(1,197)</u>	<u>(455)</u>	<u>(1,652)</u>
Contributions from the employer	<u>-</u>	<u>(22,340)</u>	<u>(22,340)</u>
Balance at December 31, 2023	<u>\$ 99,107</u>	<u>\$ (68,861)</u>	<u>\$ 30,246</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2024	2023
Discount rate	1.50%	1.25%
Expected rate of salary increase	3.00%	3.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2024	2023
Discount rate		
0.25% increase	<u>\$ (2,053)</u>	<u>\$ (2,097)</u>
0.25% decrease	<u>\$ 2,126</u>	<u>\$ 2,176</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 2,058</u>	<u>\$ 2,100</u>
0.25% decrease	<u>\$ (1,998)</u>	<u>\$ (2,035)</u>

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
Expected contributions to the plans for the next year	<u>\$ 466</u>	<u>\$ 447</u>
Average duration of the defined benefit obligation	8.7 years	8.9 years

16. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Shares authorized (in thousands)	<u>480,000</u>	<u>480,000</u>
Capital authorized	<u>\$ 4,800,000</u>	<u>\$ 4,800,000</u>
Shares issued and fully paid (in thousands)	<u>417,294</u>	<u>417,294</u>
Capital issued	<u>\$ 4,172,945</u>	<u>\$ 4,172,945</u>

A holder of issued ordinary shares with NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	December 31	
	2024	2023
Treasury share transactions	\$ 334,352	\$ 334,352
Donations	<u>30</u>	<u>30</u>
	<u>\$ 334,382</u>	<u>\$ 334,382</u>

Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set out in the Corporation's Articles of Incorporation, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit or until the legal reserve equals the Corporation's paid-in capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 18(f).

The Articles of incorporation also stipulate a dividends policy whereby the payment of cash dividends takes precedence over the issuance of share dividends. In principle, cash dividends shall not be less than 50% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" shall be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2023 and 2022 that were approved by the shareholders in their meetings in June 2024 and 2023, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Legal reserve	\$ 166,841	\$ 217,706		
Cash dividends	667,671	918,048	<u>\$1.6</u>	<u>\$2.2</u>

As of March 7, 2025, the appropriations of earnings 2024 had not yet been proposed by the Corporation's board of directors. Information on the appropriations of the earnings proposed by the Corporation's board of directors and approved by shareholder's general meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

17. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from transportation	\$ 4,329,946	\$ 3,925,898
Rental income from investment properties (Note 13)	62,562	59,875
Other revenue	<u>7,538</u>	<u>4,336</u>
	<u>\$ 4,400,046</u>	<u>\$ 3,990,109</u>

Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 8)	\$ 19,709	\$ 28,494	\$ 32,132
Trade receivables from related parties (Notes 8 and 24)	\$ 73,169	\$ 106,231	\$ 25,794
Net finance lease receivables (Note 9)	\$ 1,336,812	\$ 1,381,627	\$ 64,390

18. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2024	2023
Insurance claims	\$ 40,607	\$ 8,086
Others	4,984	21,200
	<u>\$ 45,591</u>	<u>\$ 29,286</u>

b. Interest expense

	For the Year Ended December 31	
	2024	2023
Bank borrowing interest	\$ 426,484	\$ 406,126
Imputed interest on deposits	206	184
Less: Capitalized interest amount	<u>(47,731)</u>	<u>(45,459)</u>
	<u>\$ 378,959</u>	<u>\$ 360,851</u>
Range of capitalization rate	4.96%-6.22%	4.58%-6.26%

c. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 935,388	\$ 861,389
Operating expenses	<u>4,151</u>	<u>3,297</u>
	<u>\$ 939,539</u>	<u>\$ 864,686</u>
An analysis of amortization by function		
Operating costs	\$ 2,400	\$ 2,400
Operating expenses	<u>218</u>	<u>327</u>
	<u>\$ 2,618</u>	<u>\$ 2,727</u>

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2024	2023
Direct operating expenses of investment properties generating rental income	\$ 21,806	\$ 22,407
Direct operating expenses of investment properties not generating rental income	<u>450</u>	<u>430</u>
	<u>\$ 22,256</u>	<u>\$ 22,837</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 10,349	\$ 9,839
Defined benefit plans	<u>2,359</u>	<u>2,705</u>
	12,708	12,544
Other employee benefits	<u>958,697</u>	<u>1,023,427</u>
	<u>\$ 971,405</u>	<u>\$ 1,035,971</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 833,188	\$ 881,761
Operating expenses	<u>138,217</u>	<u>154,210</u>
	<u>\$ 971,405</u>	<u>\$ 1,035,971</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees' compensation at the rates of no less than 0.5% and remuneration of directors at rates of no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Corporation's board of directors on March 2025 and 2024, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 14,852	\$ 20,413
Remuneration of directors	9,000	20,413

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjust in the following year.

There is no difference between the actual amounts of compensation of employees paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2023, and no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022.

Because of changes in accounting estimates, the Corporation held a board of directors' meeting on April 30, 2024, and that meeting resulted in the actual amount of the remuneration of directors to differ from the amount recognized in the consolidated financial statements. The difference was then adjusted to profit or loss for 2024.

	For the Year Ended December 31, 2023
	Remuneration of Directors
Amounts approved in the board of directors' meeting	<u>\$ 17,500</u>
Amounts recognized in the annual financial statements	<u>\$ 20,413</u>

Information on the compensation of employees and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 4,742	\$ 34,871
Foreign exchange losses	<u>(2,539)</u>	<u>(14,743)</u>
Net gain	<u>\$ 2,203</u>	<u>\$ 20,128</u>

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 274,646	\$ 323,660
Income tax on unappropriated earnings	41,695	52,065
Real investment deduction tax refund	(116,769)	-
Adjustments for the prior years	<u>(23,122)</u>	<u>38,409</u>
	<u>176,450</u>	<u>414,134</u>
Deferred tax		
In respect of the current year	<u>1,650</u>	<u>(76,534)</u>
Income tax expense recognized in profit or loss	<u>\$ 178,100</u>	<u>\$ 337,600</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax	<u>\$ 1,461,334</u>	<u>\$ 2,000,490</u>
Income tax expense calculated at the statutory rate	\$ 292,266	\$ 400,098
Tax effect of adjusting items:		
Tax-exempt income	(15,970)	(152,972)
Real investment deduction tax refund	(116,769)	-
Income tax on unappropriated earnings	41,695	52,065
Adjustments for prior years' tax	<u>(23,122)</u>	<u>38,409</u>
Income tax expense recognized in profit or loss	<u>\$ 178,100</u>	<u>\$ 337,600</u>

b. Current tax liabilities

	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	<u>\$ 154,035</u>	<u>\$ 401,971</u>

Current income tax payable is the net amount of December 31, 2024 and 2023, deducted by \$162,306 thousand and \$1,645 thousand of prepaid income tax, respectively.

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities are as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Unrealized exchange gains and losses	\$ 434	\$ (341)	\$ 93
Others	<u>1,505</u>	<u>(1,309)</u>	<u>196</u>
	<u>\$ 1,939</u>	<u>\$ (1,650)</u>	<u>\$ 289</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Land value increment tax	\$ 257,964	\$ -	\$ 257,964
Share of profit or loss of subsidiaries accounted for using the equity method	<u>5,813</u>	<u>-</u>	<u>5,813</u>
	<u>\$ 263,777</u>	<u>\$ -</u>	<u>\$ 263,777</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Unrealized exchange gains and losses	\$ -	\$ 434	\$ 434
Others	<u>413</u>	<u>1,092</u>	<u>1,505</u>
	<u>\$ 413</u>	<u>\$ 1,526</u>	<u>\$ 1,939</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Land value increment tax	\$ 257,964	\$ -	\$ 257,964
Unrealized exchange gains and losses	548	(548)	-
Share of profit or loss of subsidiaries accounted for using the equity method	<u>80,273</u>	<u>(74,460)</u>	<u>5,813</u>
	<u>\$ 338,785</u>	<u>\$ (75,008)</u>	<u>\$ 263,777</u>

- d. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2024 and 2023, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were both \$5,891,972 thousand.

- e. Income tax assessments

The income tax returns of the Corporation through 2022 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	<u>\$ 3.08</u>	<u>\$ 3.98</u>
Diluted earnings per share	<u>\$ 3.07</u>	<u>\$ 3.98</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Earnings used in the computation of basic earnings per share	<u>\$ 1,283,234</u>	<u>\$ 1,662,890</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,294	417,294
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>612</u>	<u>738</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>417,906</u>	<u>418,032</u>

The Corporation may settle compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in shareholders' meeting in the following year.

21. CASH FLOWS INFORMATION FROM FINANCING ACTIVITIES

For the year ended December 31, 2024

	Opening Balance	Cash Flows	Non-cash Changes Foreign Exchange Movements	Closing Balance
Short-term borrowings	\$ 628,300	\$ 544,120	\$ 41,562	\$ 1,213,982
Long-term borrowings (including current portions)	<u>5,925,519</u>	<u>367,763</u>	<u>408,861</u>	<u>6,702,143</u>
	<u>\$ 6,553,819</u>	<u>\$ 911,883</u>	<u>\$ 450,423</u>	<u>\$ 7,916,125</u>

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes Foreign Exchange Movements	Closing Balance
Short-term borrowings	\$ 214,970	\$ 416,504	\$ (3,174)	\$ 628,300
Long-term borrowings (including current portions)	<u>7,093,281</u>	<u>(1,178,676)</u>	<u>10,914</u>	<u>5,925,519</u>
	<u>\$ 7,308,251</u>	<u>\$ (762,172)</u>	<u>\$ 7,740</u>	<u>\$ 6,553,819</u>

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

The key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, or the existing debt redeemed.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amount of financial assets and liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	\$ 2,817,619	\$ -	\$ -	\$ 2,817,619
Unlisted shares - ROC	-	-	79,377	79,377
Unlisted shares - foreign	-	-	39,266	39,266
	<u>\$ 2,817,619</u>	<u>\$ -</u>	<u>\$ 118,643</u>	<u>\$ 2,936,262</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	\$ 1,913,021	\$ -	\$ -	\$ 1,913,021
Unlisted shares - ROC	-	-	52,675	52,675
Unlisted shares - foreign	-	-	29,765	29,765
	<u>\$ 1,913,021</u>	<u>\$ -</u>	<u>\$ 82,440</u>	<u>\$ 1,995,461</u>

There were no transfers between Levels 1 and 2 in the current and prior year

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

Financial Assets	Equity Instruments at FVTOCI
Balance at January 1	\$ 82,440
Recognized in other comprehensive income	<u>36,203</u>
Balance at December 31	<u>\$ 118,643</u>

For the year ended December 31, 2023

Financial Assets	Equity Instruments at FVTOCI
Balance at January 1	\$ 71,599
Recognized in other comprehensive income	<u>10,841</u>
Balance at December 31	<u>\$ 82,440</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

As of December 31, 2024 and 2023, the unlisted equity securities - ROC held by the Group are mainly investments in domestic listed shares. Thus, the aforementioned unlisted equity securities were determined using the asset-based approach. Separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Material unobservable inputs used by the Group were 89.75% discount rate for lack of marketability. Besides, the assets of unlisted shares - foreign held by the Group were determined using the market-based approach based on the listed companies engaged in the same or similar business. The trading price of its shares in the active market is converted into a value multiplier and then matched with the financial status of the target company to determine the value of the evaluation targets. The same as the asset-based approach, separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Unobservable inputs used by the Group were 22.31% and 20.77% discount rate for lack of marketability, respectively. If the discount rate for lack of marketability had increased/decreased by 1% and all other variables were held constant, the fair value would have decreased/increased by \$8,253 and \$5,517 thousand, respectively.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 2,561,095	\$ 2,511,573
Financial assets at FVTOCI		
Equity instruments	2,936,262	1,995,461
<u>Financial liabilities</u>		
Amortized cost (Note 2)	8,378,328	6,932,295

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, trade receivables from related parties, net finance lease receivables from related parties, other receivables (presented in other current assets) and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables, and long-term borrowings (including current portions).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and accounts receivable, accounts payables and borrowings. The Group's corporate treasury function is responsible for monitoring and managing the financial risks related to the operations of the Group. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency risk, interest rate risk and other price risk.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated upon consolidation) at the end of the year are set out in Note 27.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 2% increase and decrease in New Taiwan dollars against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 2% change in foreign currency rates. The table below indicates an increase (a decrease) in pre-tax profit associated with the New Taiwan dollar strengthening 2% against the USD.

	USD Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	\$ (40)	\$ (1,338)

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the year are as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 2,319,356	\$ 2,197,444
Cash flow interest rate risk		
Financial assets	93,621	141,234
Financial liabilities	7,916,125	6,553,819

Sensitivity analysis

The following sensitivity analysis was based on the Group's exposure to changes in interest rates for non-derivative instruments at the end of the year. For variable interest rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. The sensitivity rate of 1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The financial assets and liabilities held by the Group with variable interest rates will change according to the effective interest rates, which vary with market interest rates, and will result in fluctuations of the future cash flows.

For the financial assets held by the Group with variable interest rates on December 31, 2024 and 2023, if the market interest rates had been 1% higher, the cash inflow from variable interest rate financial assets would have been \$936 thousand and \$1,412 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial assets, and the amount would be negative.

For the financial liabilities held by the Group with variable interest rates on December 31, 2024 and 2023, if the market interest rates had been 1% higher, the cash outflow from variable interest rate financial liabilities would have been \$79,161 thousand and \$65,538 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial liabilities, and the amount would be negative.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign listed (unlisted) shares and corporate bonds.

Sensitivity analysis

The equity price risk for the flexible-priced financial assets held by the Group was assessed using sensitivity analysis.

If equity prices had been 5% higher/lower and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$146,813 thousand and \$99,773 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

There is no significant concentration of credit risk for the Group. Credit risk is from cash and cash equivalent deposits in banks and accounts receivable from customers.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient letters of bank guarantees and security deposits, where appropriate, as a means of mitigating the risk of financial loss from defaults. To reduce credit risk, the Group has established internal monitoring procedures to monitor credit risk exposure and the credit condition of counterparties.

The credit risk on liquid funds and financial instruments is limited because the counterparties are banks, financial institutions and incorporations with high credit ratings assigned by international credit-rating agencies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Group had available unutilized short-term bank loan facilities (including overdraft and guarantee) of \$2,894,401 thousand and \$2,084,198 thousand, respectively.

The following table details the Group's remaining contractual maturity of its non-derivative financial liabilities with variable interest rates and agreed upon repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	\$ 27,676	\$ 2,954	\$ 431,573	\$ -	\$ -	\$ -
Variable interest rate liabilities	-	-	<u>1,370,677</u>	<u>1,979,053</u>	<u>2,305,475</u>	<u>3,891,906</u>
	<u>\$ 27,676</u>	<u>\$ 2,954</u>	<u>\$ 1,802,250</u>	<u>\$ 1,979,053</u>	<u>\$ 2,305,475</u>	<u>\$ 3,891,906</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	\$ 23,984	\$ 2,924	\$ 351,568	\$ -	\$ -	\$ -
Variable interest rate liabilities	-	<u>90,329</u>	<u>552,014</u>	<u>2,514,423</u>	<u>2,163,969</u>	<u>2,712,358</u>
	<u>\$ 23,984</u>	<u>\$ 93,253</u>	<u>\$ 903,582</u>	<u>\$ 2,514,423</u>	<u>\$ 2,163,969</u>	<u>\$ 2,712,358</u>

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. The Government has significant influence over the Group. Besides, the nature and amounts of transactions, individually and collectively insignificant, with the government - related party have not been disclosed, and information disclosed, elsewhere in the other notes and details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of the related parties

<u>Related Party Name</u>	<u>Related Party Category</u>
Yunn Wang Investment Co., Ltd.	Associate
Yang Ming Marine Transport Corporation (Yang Ming)	Government - related party
CPC Corporation	Government - related party
Land Bank of Taiwan	Government - related party
Bank of Taiwan	Government - related party
Mega International Commercial Bank	Government - related party
First Commercial Bank	Government - related party
Chang Hwa Bank	Government - related party
Chunghwa Post Co., Ltd.	Government - related party
Maritime and Port Bureau. MOTC	Government - related party

b. Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Operating revenue</u>		
Government - related parties		
CPC Corporation	\$ 478,424	\$ 453,644
Maritime and Port Bureau. MOTC	116,688	37,088
Associates		
Others	<u>114</u>	<u>114</u>
	<u>\$ 595,226</u>	<u>\$ 490,846</u>
<u>Operating costs</u>		
Government and its subsidiaries - related parties		
CPC Corporation	<u>\$ 45,272</u>	<u>\$ 60,578</u>

Transactions with related parties were based on agreements. Lease contracts with associates and government - related parties were based on market conditions.

c. Bank balances

Bank balances (including time deposits with original maturities of more than 3 months and pledged deposits which are included on other financial assets) related to bank are as follows:

Related Party Category/Name	December 31	
	2024	2023
Government - related parties		
Mega International Commercial Bank	\$ 189,113	\$ 1,671
Bank of Taiwan	103,980	178,699
Land Bank of Taiwan	8,163	284,266
Others	<u>1,061</u>	<u>1,183</u>
	<u>\$ 302,317</u>	<u>\$ 465,819</u>

d. Trade receivables from related parties

Related Party Category/Name	December 31	
	2024	2023
Government - related parties		
CPC Corporation	\$ 52,818	\$ 82,300
Maritime and Port Bureau. MOTC	<u>20,351</u>	<u>23,931</u>
	<u>\$ 73,169</u>	<u>\$ 106,231</u>

The receivables from related parties are unsecured. The reversal of allowance for loss of \$4,854 thousand was recognized for the amount due from related parties as of December 31, 2024. An allowance for loss of \$4,854 thousand was recognized for the amount due from related parties as of December 31, 2023.

e. Advance payments on behalf of related parties (included in other financial assets)

Related Party Category/Name	December 31	
	2024	2023
Government - related parties		
CPC Corporation	<u>\$ 14,379</u>	<u>\$ 11,049</u>

f. Borrowings from related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Short-term borrowings			
Unsecured borrowings	Government - related parties		
	Bank of Taiwan	\$ 336,000	\$ 20,000
	Mega International	<u>229,495</u>	<u>304,935</u>
	Commercial Bank		
		<u>\$ 565,495</u>	<u>\$ 324,935</u>

Line Item	Related Party Category/Name	December 31	
		2024	2023
Long-term borrowings (including current portions)			
Secured borrowings	Government-related parties		
	Land Bank of Taiwan	\$ 3,329,428	\$ 1,976,278
	Bank of Taiwan	<u>2,947,073</u>	<u>3,949,241</u>
		<u>\$ 6,276,501</u>	<u>\$ 5,925,519</u>

Interest expense (included amount of capitalized interest)

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Government - related parties		
Bank of Taiwan	\$ 215,406	\$ 216,689
Land Bank of Taiwan	149,278	167,856
Others	<u>2,426</u>	<u>6,382</u>
	<u>\$ 367,110</u>	<u>\$ 390,927</u>

The borrowing interest rate of the Group borrowings from the related parties is equivalent to the market interest rate.

- g. Advance receipts from related parties (included in other current liabilities and non-current liabilities)

Related Party Category/Name	December 31	
	2024	2023
Government - related parties		
Maritime and Port Bureau. MOTC	<u>\$ 736,780</u>	<u>\$ 776,271</u>

- h. Other transactions with government - related parties

For the year ended December 31, 2024 the Group disposed 70 thousand shares of Yang Ming (included in financial assets at fair value through other comprehensive income), and recognized gain on disposal of \$4,911 thousand, which were transferred directly to retained earnings.

- i. Other transactions with related parties

	For the Year Ended December 31	
	2024	2023
<u>Dividend income</u>		
Government - related parties		
Yang Ming	<u>\$ 74,582</u>	<u>\$ 745,817</u>

(Continued)

	For the Year Ended December 31	
	2024	2023
<u>Non-operating income - others (included in other income)</u>		
Government - related parties		
Yang Ming	\$ 1,500	\$ 10,000
Associates		
Others	<u>150</u>	<u>163</u>
	<u>\$ 1,650</u>	<u>\$ 10,163</u>
		(Concluded)

j. Compensation of key management personnel

The compensation of directors and other key management personnel was as follows:

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 41,207	\$ 51,339
Post-employment benefits	<u>1,311</u>	<u>1,489</u>
	<u>\$ 42,518</u>	<u>\$ 52,828</u>

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group were pledged or mortgaged as collateral for long-term borrowings and transactions:

	December 31	
	2024	2023
Property, plant and equipment	\$ 15,189,311	\$ 10,487,622
Pledged deposits (included in other non-current assets)	<u>2,305</u>	<u>2,165</u>
	<u>\$ 15,191,616</u>	<u>\$ 10,489,787</u>

26. SIGNIFICANT UNRECOGNIZED COMMITMENTS AND CONTINGENCIES

Significant unrecognized commitments and contingencies of the Group as of December 31, 2024 were as follows:

- a. The relevant information on the Corporation's ship management and harbour tug agreements with CPC Corporation and its procurement contract of liner service with Maritime and Port Bureau, MOTC, is stated below:

<u>Ship</u>	<u>Date of Agreement</u>	<u>Calculation and Fee Collection Method</u>
CPC Corporation		
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was \$364 thousand per day, which was calculated per day, and collected on a monthly basis.
HONG YUN and SHENG YUN	2023.01.04-2028.01.23	Basic fee of ship management was \$142 thousand for each ship per day, which was calculated per day, and collected on a monthly basis.
DER YUN	2022.10.28-2027.10.27	Basic fee of ship management was \$131 thousand for each ship per day, which was calculated per day, and collected on a monthly basis.
TAI CHIN 301, 302, 303, 305, 306, 307 and 308	2022.11.25-2047.12.31	The fee was \$660 thousand per day, which was calculated per day, and collected on a monthly basis.
Maritime and Port Bureau. MOTC PENGHU	2023.09.06-2043.09.06	The fee was \$238-\$388 thousand per voyage which was calculated and collected per quarterly.

As of December 31, 2024, the Corporation entrusted the Bank of Taiwan to issue a letter of guarantee to CPC Corporation and Maritime and Port Bureau, MOTC in the amount of \$218,512 thousand, and entrusted the Land Bank of Taiwan to issue a letter of guarantee for the contract of "Kuan-Tang Industrial Port's Long-term Harbor Tug Service" to CPC Corporation in the amount of \$357,000 thousand, and the amount of performance guarantee issued by Shin Kong Bank for procurement contract to Maritime and Port Bureau, MOTC, was \$787,455 thousand.

- b. In November 2023, the board of directors of the subsidiary Tai Shing approved the agreement by entering into a contract with Morning Daedalus Navigation S.A., a wholly owned subsidiary of Namura Shipbuilding Co., Ltd., to build two bulk carriers. As of the date of the auditors' review report, the amount of US\$12,920 thousand has been paid and included in prepayments for equipment. The remaining unpaid amount was US\$51,680 thousand.
- c. In November 2024, the board of directors of the subsidiary Tai Shing approved the agreement with entering into a contract with Oshima Shipbuilding Co., Ltd. to build two bulk carriers. As of the date of audit report, the amount of US\$7,772 thousand had been paid and included in prepayments for equipment. The remaining unpaid amount was US\$69,948 thousand.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies are as follows:

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ <u>114</u>	32.785 (USD:NTD)	\$ <u>3,724</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ <u>174</u>	32.785 (USD:NTD)	\$ <u>5,705</u>

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ <u>2,352</u>	30.705 (USD:NTD)	\$ <u>72,223</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ <u>174</u>	30.705 (USD:NTD)	\$ <u>5,343</u>

For the years ended December 31, 2024 and 2023, net foreign exchange gain were \$2,203 thousand and \$20,128 thousand, respectively, resulting from the fluctuation of the USD.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 4)
- b. Information on investments (Table 5)
 - c. Information on investments in mainland China (None)
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

29. SEGMENT INFORMATION

- a. Operating segments information

The Group managed its organization and allocated resources by reference to a single operating segment, and its operating activities are related to the business of passenger and freight transportation and acting as a shipping agency.

- b. Details of major operating revenue are as follows:

Item	For the Year Ended December 31	
	2024	2023
Ocean route revenue	\$ 3,578,952	\$ 3,302,251
Tug service revenue	324,397	306,542
Coastal route revenue	275,570	171,003
Ship management revenue	151,027	146,102
Others	<u>70,100</u>	<u>64,211</u>
	<u>\$ 4,400,046</u>	<u>\$ 3,990,109</u>

c. Geographical information

The Group's revenue from external customers by location of operations are detailed below.

Item	For the Year Ended December 31	
	2024	2023
<u>Service routes</u>		
Asia	\$ 3,583,086	\$ 3,029,799
Europe	754,398	900,435
Others	<u>62,562</u>	<u>59,875</u>
	<u>\$ 4,400,046</u>	<u>\$ 3,990,109</u>

The Group's non-current assets by location of operations are detailed below:

	December 31	
	2024	2023
Taiwan	\$ 4,540,965	\$ 4,682,821
Panama	<u>18,846,602</u>	<u>16,214,737</u>
	<u>\$ 23,387,567</u>	<u>\$ 20,897,558</u>

Non-current assets exclude financial instruments, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

	For the Year Ended December 31			
	2024		2023	
	Amount	%	Amount	%
A	\$ 670,593	15	\$ 635,513	16
B	570,111	13	634,717	16
C	478,424	11	453,644	11

TABLE 1

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(New Taiwan Dollars/U.S. Dollars in Thousands)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1, 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Year (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 1, 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China	Note
		Name	Relationship											
0	Taiwan Navigation Co., Ltd.	Tai Shing	Subsidiary	\$ 36,503,726	\$ 12,779,164 (US\$ 389,787)	\$ 12,111,668 (US\$ 369,427)	\$ 7,580,000 (US\$ 231,207)	\$ -	66.36	\$ 36,503,726	Yes	-	-	-
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent company	7,697,004 (US\$ 234,772)	-	-	-	-	-	7,697,004 (US\$ 234,772)	-	Yes	-	-

Note 1: Not more than twice the net equity in the latest financial statement of Taiwan Navigaion Co., Ltd.

Note 2: Not more than twice of Tai Shing’s paid in capital.

Note 3: Translated at the exchange rate on December 31, 2024, US\$1=NT\$32.785.

TABLE 2

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Navigation Co., Ltd.	<u>Shares</u>							
	Chunghwa Investment Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,590,000	\$ 79,377	6.00	\$ 79,377	
	Taiwan Foundation International Pte. Ltd.	Corporate director	Financial assets at FVTOCI - non-current	1,500,000	39,266	15.00	39,266	
	<u>Listed shares</u>							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - current	37,220,858	2,817,619	1.07	2,817,619	

Note: See Table 5 for the information on investments in subsidiaries and associates.

TABLE 3

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 2)	
Taiwan Navigation Co., Ltd.	CPC Corporation	(Note 1)	Ship management service and port service revenue	\$ (478,424)	(58)	By negotiations	\$ -	-	\$ 52,818	69	
Tai Shing	Shin Wang	The same parent company	Shipping revenue	(836,733)	(26)	By negotiations	-	-	69,189	100	(Note 3)
Shin Wang	Tai Shing	The same parent company	Shipping costs	836,733	92	By negotiations	-	-	(69,189)	(100)	(Note 3)

Note 1: Significantly influenced by the Government.

Note 2: The proportion of total receivables (payables).

Note 3: Eliminated upon consolidation.

TABLE 4

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent company	Management service fees	\$ 40,333	Collected based on agreements	1
		Shin Wang	The same parent company	Endorsement/guarantee fees	40,087	Collected based on agreements	1
				Rental revenue	836,733	The rental of 8 ships in total was calculated for each ship at US\$2-20 thousand per day and was collected on a monthly basis.	19
				Trade receivables from related parties	69,189	Collected based on agreements	-
2	Shin Wang	Taiwan Navigation Co., Ltd.	Parent company	Management service fees	12,800	Collected based on agreements	-

Note 1: Eliminated upon consolidation.

Note 2: This table disclosure transaction of at least \$10,000 thousand.

TABLE 5

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Taiwan Navigation Co., Ltd.	Tai Shing	Panama City, Panama	Rental and sale of ships	\$ 3,921,447	\$ 3,921,447	100	100.00	\$ 11,763,075	\$ 907,604	\$ 907,604	Note Note
	Shin Wang	Monrovia City, Liberia	Rental and sale of ships	32,500	32,500	1	100.00	331,741	289,821	289,821	
	Yunn Wang	Taipei	Investment	41,861	41,861	5,211,474	49.75	202,212	10,325	5,137	

Note: Eliminated upon consolidation.

TABLE 6**TAIWAN NAVIGATION CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications, ROC	110,436,379	26.46
Yang Ming Marine Transport Corp.	70,793,243	16.96

Note: The major shareholder information in this table is submitted by TDCC on the last business day at the end of the year and calculated the data of the shareholder which hold non-physical of ordinary shares for more than 5%. The share capital recorded in the Corporation's consolidated financial report and the actual number of shares delivered without physical registration may be same or different.